

## BILL ANALYSIS

C.S.H.B. 2704  
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Natural Resources  
Committee Report (Substituted)

### BACKGROUND AND PURPOSE

Interested parties note that while state agencies were given the authority to accept electronic bids for certain projects several years ago as a means of improving efficiency and lowering costs, water districts were not afforded the same authority. C.S.H.B. 2704 seeks to address this issue by establishing provisions relating to the electronic submission of bids for construction contracts for certain water districts and by increasing the cap on certain authorized contract change orders.

### RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### ANALYSIS

C.S.H.B. 2704 amends the Water Code to authorize certain water districts to receive bids for construction, equipment, materials, and machinery contracts through electronic transmission if the board of the district adopts rules to ensure the identification, security, and confidentiality of electronic bids and to ensure that the electronic bids remain effectively unopened until the proper time. The bill requires an electronic bid or proposal to be sealed and makes a statutory provision relating to certain water districts in general that applies to a sealed bid applicable to a bid received through electronic transmission in accordance with such adopted rules.

C.S.H.B. 2704 increases from 10 percent to 25 percent the cap on the amount by which the aggregate of change orders may increase the original price of a construction, equipment, materials, or machinery contract.

### EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2013.

### COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 2704 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and highlighted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

#### INTRODUCED

No equivalent provision.

#### HOUSE COMMITTEE SUBSTITUTE

SECTION 1. Section 49.273(i), Water Code, is amended to read as follows:

(i) If changes in plans or specifications are necessary after the performance of the contract is begun, or if it is necessary to

decrease or increase the quantity of the work to be performed or of the materials, equipment, or supplies to be furnished, the board may approve change orders making the changes. The board may grant authority to an official or employee responsible for purchasing or for administering a contract to approve a change order that involves an increase or decrease of \$50,000 or less. The aggregate of the change orders may not increase the original contract price by more than 25 [~~10~~] percent. Additional change orders may be issued only as a result of unanticipated conditions encountered during construction, repair, or renovation or changes in regulatory criteria or to facilitate project coordination with other political entities.

SECTION 1. Subchapter I, Chapter 49, Water Code, is amended.

SECTION 2. Same as introduced version.

No equivalent provision.

SECTION 3. The change in law made by this Act applies only to a contract entered into on or after the effective date of this Act. A contract entered into before the effective date of this Act is governed by the law in effect on the date the contract was entered into, and the former law is continued in effect for that purpose.

SECTION 2. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2013.

SECTION 4. Same as introduced version.